



FEB 17 1926



TENTH

ANNUAL REPORT — 1925

JEWEL TEA CO., INC.
NEW YORK CHICAGO



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JEWEL TEA CO., Inc.

GENERAL OFFICES
5 NORTH WABASH AVENUE
CHICAGO, ILLINOIS

DIRECTORS:

H. S. BOWERS	HERBERT H. LEHMAN
JOHN M. HANCOCK	F. P. ROSS
M. H. KARKER	ARTHUR SACHS
ARTHUR LEHMAN	CARY N. WEISIGER
O. B. WESTPHAL	

OFFICERS:

JOHN M. HANCOCK
Chairman of the Board of Directors

M. H. KARKER, President

O. B. WESTPHAL, Vice-President

JOHN C. REGAN, Vice-President

A. VERNON JANNOTTA, Secretary

F. M. KASCH, Treasurer

ROBERT W. MUIR, Assistant Secretary

SIDNEY J. WEINBERG, Assistant Secretary

R. T. PURDY, Assistant Treasurer

TRANSFER AGENT:

IRVING BANK-COLUMBIA TRUST COMPANY, 60 Broadway, New York City

REGISTRAR:

LAWYERS TRUST COMPANY, 160 Broadway, New York City

AUDITORS:

TOUCHE, NIVEN & CO., Public Accountants.
New York and Chicago

AUG 12 PIERCE HG

WILLIAM

FRANKLIN

FRANKLIN

JEWEL TEA CO., INC.

5 North Wabash Avenue,

Chicago, Ill., February 11, 1926.

To the Stockholders:

The Balance Sheet for the year ending January 2, 1926 (the operating year of 1925), together with a statement of the income and surplus account, is presented herewith.

Net profits for the year, after taxes, were \$838,947.75, showing earnings at the rate of \$23.05 per share on the preferred, and at the rate of \$4.87 per share on the common after providing for the current 7% dividend on the preferred stock. During the year there was declared and paid the regular current dividend of \$7 per share on the preferred stock and an additional \$7 per share on account of accruals. Preferred dividends in arrears amounted to \$29.75 per share. The year closed with a net surplus of \$998,413.67. The outstanding unpaid dividends on the preferred stock, excluding 4,600 shares in the Company's treasury, amount to \$946,050.00.

Total sales increased 4.23% and the number of routes in operation increased from 1,032 to 1,059. Moderate expansion will be continued this year.

At the end of 1924 the Company operated 723 automobiles and 309 horse-drawn units of delivery equipment. At the end of 1925 there were 971 automobiles and 88 horses and wagons. The motorization of the business has contributed materially to lower expense and increased efficiency.

Though the volume of sales increased, inventories decreased \$49,156.36. The business was placed more nearly on a cash basis, and "Accounts Receivable, Trade Customers" decreased \$33,486.99, or 13.57%. The ratio of current assets to total liabilities was 3.01 at the end of the year. Large purchases of coffee late in the year accounted for the increase in "Letters of Credit and Acceptances", though all acceptances due prior to March 3, 1926 had been paid.

In view of the adverse conditions in the coffee market, which continue to exist, the results for the year are wholly satisfactory and the management desires to express its grateful appreciation of the loyalty and support of all stockholders and employees.

M. H. KARKER, President.

For the Board of Directors:

JOHN M. HANCOCK,
Chairman.

JEWEL TEA

BALANCE SHEET—

ASSETS

CURRENT ASSETS:

Cash		\$ 460,210.88	
Marketable securities—commercial paper and short term bonds		996,562.39	
Common stock (at cost) held for employees.....		18,232.96	
Accounts and notes receivable:			
Accounts receivable—trade customers.....	\$ 301,700.26		
Accounts and notes receivable—others.....	213,258.46		
		\$514,958.72	
Less reserve for doubtful accounts.....		115,941.26	
			399,017.46
Inventories at cost or market, whichever is lower:			
Products merchandise	\$1,817,111.41		
Premium merchandise	377,397.23		
			2,194,508.64
Trust fund investments (surety deposits per contra)		62,450.52	
			\$4,130,982.85

DEFERRED CHARGES:

Premium merchandise (at cost) advanced to customers	711,081.53		
Less reserve for doubtful accounts.....	168,723.04		
		542,358.49	
Inventory of expense supplies.....		34,723.36	
Unexpired insurance premiums and prepaid expenses.....		70,487.37	
Improvements on leased property, etc.....		19,538.83	
			667,108.05

CAPITAL ASSETS:

Land and buildings—branches.....	44,288.20		
Machinery, furniture and fixtures at plants.....	404,486.26		
Delivery and branch equipment.....	697,364.44		
		\$1,146,138.90	
Less reserve for depreciation.....		391,879.86	
			754,259.04
<u>GOODWILL</u>		120,000.00	
			874,259.04

\$5,672,349.94

We have audited the books and accounts of the JEWELL TEA CO., INC. for the year ending February 6, 1926, and find that the income and surplus account are in accordance therewith, and exhibit, in our opinion, a correct statement of the financial position for the year then ended.

CHICAGO, February 6, 1926.

A CO., INC.

JANUARY 2, 1926

LIABILITIES

CURRENT LIABILITIES:

Letters of credit and acceptances.....	\$ 917,623.63	
Accounts payable	188,621.58	
Federal income taxes (year 1925)	117,694.50	
Preferred dividends unclaimed.....	728.00	
Sundry accruals	86,818.04	
Surety deposits (Trust fund investments, per contra)	62,450.52	
		<u>\$1,373,936.27</u>

CAPITAL STOCK:

Authorized and issued—

7% Cumulative preferred stock, 36,400 shares of \$100.00 each	\$3,640,000.00	
Less in treasury 4,600 shares.....	460,000.00	
		<u>3,180,000.00</u>
Common stock—120,000 shares of no par value.....	120,000.00	
		<u>3,300,000.00</u>

<u>SURPLUS ACCOUNT</u> (per annexed statement)	998,413.67
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CONTINGENT LIABILITY:

For letters of credit issued against coffee on contracts not shipped at January 2, 1926.....	<u>614,843.33</u>
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NOTE:

Preferred stock dividend in arrears at January 2, 1926, 29¾% or...	<u>\$ 946,050.00</u>
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\$5,672,349.94

ar ended January 2, 1926, and hereby certify that the above balance sheet and accompanying
ect statement of the financial position of the Company at that date and the results of opera-

TOUCHE, NIVEN & CO.,
Public Accountants.

JEWEL TEA CO., INC.
INCOME AND SURPLUS ACCOUNT
YEAR ENDED JANUARY 2, 1926

NET SALES.....		\$14,178,478.02
LESS COST OF SALES, including raw materials, labor, supplies, operating expenses, depreciation, etc.....		13,429,189.80
NET PROFIT FROM OPERATIONS.....		\$ 749,288.22
OTHER INCOME:		
Profit on sales to wholesale customers and others.....	\$ 36,966.40	
Interest and discount.....	114,857.69	
Miscellaneous income, sub-leases, etc.....	55,529.94	
		<u>207,354.03</u>
NET PROFIT before providing for Federal income taxes.....		\$ 956,642.25
LESS Reserve for Federal income taxes.....		117,694.50
NET PROFIT FOR THE YEAR.....		\$ 838,947.75
SURPLUS BALANCE at December 27, 1924.....		654,555.19
		<u>\$ 1,493,502.94</u>
Deduct:		
Dividends paid on preferred stock		
Current accrual—7%.....	\$254,800.00	
On account of arrears—7%.....	254,800.00	
	<u>\$509,600.00</u>	
Less dividends on treasury stock.....	46,325.00	
	<u>\$463,275.00</u>	
Premium on preferred stock purchased.....	31,814.27	
		<u>495,089.27</u>
SURPLUS BALANCE, January 2, 1926.....		<u>\$ 998,413.67</u>

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